

## National

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# New audit unearths Covid-19 cash abuse

Thursday, November 24, 2022



Health workers attend to a Covid-19 patient in the Intensive Care Unit at Mulago Hospital on May 25, 2021. A new forensic audit shows government funds disbursed for response to the pandemic were wasted. PHOTO/FILE

By Monitor Reporter

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## What you need to know:

Unearthed irregularities include several contracts given to firms owned by the same people, wasteful expenditures, and overbilling.

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As patients choked on their death beds and businesses struggled to stay alive, Ministry of Health officials splurged on and wasted a lot of the money given to them to fight the coronavirus pandemic, a special audit by the Auditor General has revealed.

## National

Irregularities found by the office of the government ombudsman include several contracts given to firms owned by the same people, expenditure on services that were not used, and spending taxpayer's money beyond allocated ceilings.

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A classified forensic audit report seen by this newspaper, cites cases in which the ministry made double payments for the same services or paid money to firms that did not supply any goods or services.

The audit was carried out at the request of Parliament following concerns that the ministry had signed many contracts without prerequisite procedures while others were signed retrospectively.

## National

While receiving the report on Wednesday, the speaker of Parliament, Ms Anita Among, said there is need to do more to check excessive corruption in government ministries, departments and agencies.

She said the classified forensic audit report would be referred to a special committee of three eminent MPs who will report back to the Auditor General.

“We also received audit reports for classified accounts,” she said. “There are only three members of that committee who will look at the reports and report back to Auditor General.”

### The issues

During the period under review, the Ministry of Health received supplementary budgets totalling to Shs372.8 billion in the financial years 2019/2020 and 2020/2021. In the same period, development partners, including the World Bank, the Global Fund and others, also reallocated \$15.1 million and Shs788 million to the ministry to fund Covid-19 pandemic response.



It is now feared that a significant amount of this money was wasted or misappropriated. The audit flagged a number of anomalies including flawed procurement processes, non-compliance with

## National

care unit equipment, which was not installed in Gulu and Omuka referral hospitals due to a lack of space.

The forensic audit also found problems with the purchase and roll out of vaccines.

“I noted that Ministry of Health procured vaccines through Unicef but these vaccines were not received as of June 30, 2021, the period of investigation,” the AG noted. “During the period 2020/2021, the government relied on donated Covid-19 vaccines. Ministry of Health had transferred a total of Shs121.6 billion to Unicef by May 31, of which Shs98.5 billion was sent through NMS.”

The report noted, however, that after June 30, 2022, government received 3,474,000 doses worth Shs85.7b. In addition, donors gave another 41 million vaccine doses worth Shs2 trillion.

In other eyebrow-raising discoveries, the audit found that the Health ministry contracted a firm to supply modular houses to accommodate health workers at Shs7.6 billion. However, out of six stations, the company had supplied and installed houses in only two by end June 2021.

The report faults the ministry for double expenditure in buying and setting up sleeper tents. A contractor was paid Shs3.9 billion for sleeper tents but supplied and installed three fewer. Instead of seeking a refund from the supplier, who had already been paid in full, the ministry instead sent more money to the affected hospitals to buy the same missing tents.

## National

### Empty beds

The ministry spent up to Shs1.2 billion on 1,000 beds and mattresses for Namboole National Stadium treatment centre which was never used. This led to wastage of money.

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The report also flagged a dubious procurement where three different firms owned by the same individual were contracted to supply 2,000 bedsheets for isolated patients at Namboole at Shs103 million. These, too, were not used.

“I noted that the procurement lacked competitiveness, as all bidding companies were owned by the same person,” the report says.

Notably, the ministry spent Shs2.4 billion to accommodate Covid-19 suspected patients and returnees in various institutions and hotels. However, the audit report faulted the ministry for signing contracts with suppliers of accommodation facilities retrospectively using direct procurement method.

It is not clear how the ministry procured these facilities without contracts and whether the same did not collude to defraud the taxpayers. At the height of the lockdown and closure of borders, many of the returnees were forced to be isolated at their own costs.

The report is silent on ownership of some of the private facilities the ministry contracted to house those in isolation and, therefore, the issue of insider connivance could not be ascertained.

According to the report, the ministry overspent on hardship allowances to the tune of Shs2.5b. In addition, the ministry spent Shs677m on hardship allowances after the pandemic eased.

## National

Out of Shs4.5b transferred to regional referral hospitals for pandemic-related activities, the report says Shs614m remained unaccounted for as at June 30, 2021. “Fifty districts received Covid-19 surveillance funds totalling to Shs2.1b. I established that 40 districts did not submit accountabilities to the tune of Shs1.6b,” the report says.

At least Shs3b was allocated to five regional referral hospitals but Mbale, which received Shs1.4b, and Masaka, Shs1b had not completed their infrastructural developments by the reporting date.

The true extent of the financial discrepancies remains unclear in some instances, the AG reported. “I noted that the ministry transferred Shs19.6b to M/s Vivo Energy (U) Ltd for consumption of fuel on various activities during the period under review. However, M/S Vivo Energy (U) Ltd provided consumption statements totalling to Shs21.5b, which had not been properly reconciled by the ministry.”

The ministry is yet to respond to the latest audit report that has faulted it for dubious expenditures. Mr Emmanuel Ainebyona, the spokesperson, yesterday said he had not seen the report and would only respond after reading it.

Uganda is battling outbreak of Ebola that has claimed more than 50 lives and infected hundreds others.

Unlike the previous interventions when development partners sent money directly to the government coffers, this time the partners have channelled the response funds to international NGOs that work in the health sector citing concerns of graft.

## National

### Task

Meanwhile, Speaker Anita Among yesterday also directed Auditor General John Muwanga to institute a thorough value-for-money inquiry into billions of taxpayer money invested by the government in Atiak Sugar Factory and Roko Construction Company. “Of recent, we gave out money and bought shares with Roko Construction Company, we also bought shares with Atiak Sugar Factory. So we may need an audit of that money that has gone to those institutions so that we know how many shares we have, what rights we have, how is the corporate governance in such institutions and do we have any voting rights anyway?” she asked.

*Compiled by Franklin Draku, Arthur Wadero & Esther Oluka*

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## National

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